

TITLE PAGE

**IMPACT OF INTERNALLY GENERATED REVENUE ON THE
PERFORMANCE OF KADUNA STATE**

BY

**MANSIR OCHE USMAN
KPT/CBMS/19/55906**

**BEING A RESEARCH PROJECT SUBMITTED TO THE
DEPARTMENT OF BUSINESS ADMINISTRATION AND
MANAGEMENT,
COLLEGE OF BUSINESS AND MANAGEMENT STUDIES, KADUNA
POLYTECHNIC, KADUNA**

**IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE
AWARD OF HIGHER NATIONAL DIPLOMA (HND) IN BUSINESS
ADMINISTRATION AND MANAGEMENT**

JUNE, 2022.

DECLARATION

I hereby declare that this project was carried out by me under the guidance and supervision of **MAL. ABU UBAIDA** of the Department of Business Administration and Management, Kaduna polytechnic. All authors whose work has been referred to in this project have been duly acknowledged.

MANSIR OCHE USMAN

KPT/CBMS/19/55906

Signature

Date

APPROVAL PAGE

This research project work was written by me **MANSIR OCHE USMAN** with registration number **KPT/CBMS/19/55906** and submitted in compliance with the established policy of the Department of Business Administration and Management, College of Business and Management Studies (CBMS), Kaduna Polytechnic, Kaduna. It has been read and approved to meet the requirement for the award of Higher National Diploma in Business Administration and Management.

MAL. ABU UBAIDA
PROJECT SUPERVISOR

Signature

Date

DR. ISMAEEL M. ANCHAU

PROJECT COORDINATOR

Signature

Date

MR. TUNDE LAWAL
HEAD OF DEPARTMENT

Signature

Date

EXTERNAL EXAMINER

Signature

Date

DEDICATION

This research proposal work is dedicated to Almighty ALLAH.

ACKNOWLEDGEMENT

First and foremost, my sincere thanks and gratitude goes to Almighty ALLAH for giving me the opportunity of becoming what I am today, and had made it possible for me to overcome all the hurdles, up to this happy moment.

I would also like to express my sincere appreciation to my supervisor **Mal. Abu Ubaida** for his guidance and cooperation throughout this research work.

I also want to acknowledge the effort of my project coordinator **Dr. Ismaeel M. Anchau** for his immense contribution to the successful completion of this project work.

At this juncture, I found it necessary to express my sincere appreciation to my able lecturers of the Department of Business Administration and Management, headed by **Mr. Tunde Lawal** for giving me the necessary skills, advice, encouragement and knowledge.

My gratitude goes to my lovely parents **Mr. and Mrs. Oche Usman** and my siblings whose prayers, care and family support have seen me up to this level of my academic career, and to them I shall always be indebted.

A special vote of thanks goes to my lovely friends and all my well-wishers and my course mate for their prayers, support and advice throughout my academic pursuit.

TABLE OF CONTENTS

Title Page	-	-	-	-	-	-	-	-	-	-	-i
Declaration--	-	-	-	-	-	-	-	-	-	-	-ii
Approval Page-	-	-	-	-	-	-	-	-	-	-	-iii
Dedication - -	-	-	-	-	-	-	-	-	-	-	-iv
Acknowledgement-	-	-	-	-	-	-	-	-	-	-	-v
Table of Content-	-	-	-	-	-	-	-	-	-	-	-v

CHAPTER ONE

1.0	Introduction-	-	-	-	-	-	-	-	-	-	-1
1 .1	Background of the study -	-	-	-	-	-	-	-	-	-	-1
1.2	Statement of the Problem -	-	-	-	-	-	-	-	-	-	-4
1.3	Objectives of the Study-	-	-	-	-	-	-	-	-	-	-5
1.4	Research Questions-	-	-	-	-	-	-	-	-	-	-6
1.5	Significance of the Study -	-	-	-	-	-	-	-	-	-	-6
1.6	Scope of the Study -	-	-	-	-	-	-	-	-	-	-7
1.7	Limitations of the Study- -	-	-	-	-	-	-	-	-	-	-7
1.8	Definitions of Terms-	-	-	-	-	-	-	-	-	-	-8

CHAPTER TWO

LITERATURE REVIEW

2.1	Introduction-	-	-	-	-	-	-	-	-	-11
2.2	Empirical Review--	-	-	-	-	-	-	--	-	-11
2.2.1	Concept of Financial Ratio-	-	-	-	-	-	-	-	-	-11
2.2.2	Financial Performance-	-	-	-	-	-	-	-	-	-12
2.3	Forms of Ratio Used by Organizations-	-	-	-	-	-	--	-	-	-12
2.3.1	Cash Flow Ratios- -	-	-	-	-	-	-	-	-	-12
2.3.2	Leverage (debit) Financial Ratios-	-	-	-	-	-	-	-	-	-13
2.3.3	Liquidity (Solvency) Financial Ratios-	-	-	-	-	-	-	-	-	-13

2.3.4	Financial Operation Ratios (Asset Efficiency) Ratios-	-	-	-	-	-	-	-13
2.3.5	Profitable Financial Ratios-	-	-	-	-	-	-	-14
2.3.6	Valuation Ratios (market value ratios)-	-	-	-	-	-	-	-14
2.4	Role of Accounting Ratio Analysis in Measuring Financial Performance of Organization-	-	-	-	-	-	-	-15
2.5	Limitations of Ratio Analysis in Measuring Performance of Organization-	-	-	-	-	-	-	17
2.6	Importance and Uses of Ratio Analysis in a Business Organization-	-	-	-	-	-	-	21
2.7	Reasons for Ratio Analysis in a Business Organization-	-	-	-	-	-	-	-25
2.7.1	Assessment of Past Performance and Current Position-	-	-	-	-	-	-	-26
2.7.2	Assessment of Future Potential Related Risk-	-	-	-	-	-	-	-26
2.8	Sources of Information for Financial Statement Analysis-	-	-	-	-	-	-	-27
2.9	Ratio Analysis-	-	-	-	-	-	-	-28
2.10	Uses and Objectives of Ratio Analysis-	-	-	-	-	-	-	-29
2.11	Types of Ratio Analysis-	-	-	-	-	-	-	-29
2.12	Limitations of Ratio Analysis-	-	-	-	-	-	-	-34
2.13	Summary of the Chapter-	-	-	-	-	-	-	-36

CHAPTER THREE

RESEARCH METHODOLOGY

3.1	Introduction-	-	-	-	-	-	-	-38
3.2	Research Design-	-	-	-	-	-	-	-38
3.3	Area of the Study-	-	-	-	-	-	-	-39
3.4	Population of the Study-	-	-	-	-	-	-	-39
3.5	Sample Size and Sampling Techniques-	-	-	-	-	-	-	-39
3.6	Instruments for Data Collection -	-	-	-	-	-	-	-39
3.7	Validity of Instruments -	-	-	-	-	-	-	-40
3.8	Reliability of Instrument-	-	-	-	-	-	-	-40

3.9	Method of Data Collection-	-	-	-	-	-	-41
3.10	Method of Data Presentation and Analysis-	-	-	-	-	-	-41

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The ideas behind the creation of local governments in Nigeria are that the people at the local level are assumed to have the fullest awareness of their needs. Every local jurisdiction has its unique economic, social and physical characteristics and its historical tradition which are better understood by its people. Thus, the Local Government Areas are created to provide the services which the Federal and State Governments cannot easily undertake due to their remoteness from the local communities (Uhunmwuango and Epelle, 2008). Therefore, the only reasonable form of development is the one that comes from within, through the will and desires of the people.

The constitutional mandates of local government are to consider and make recommendations to a State Commission on Economic Planning or any similar body on: the economic development of the state, particularly as far as the areas of authority of the council and of the state are affected; and proposals made by the said commission or body. Local government areas are also saddled with the

responsibility of licensing bicycles, trucks (other than mechanically propelled trucks), canoes, wheel barrows and carts; establishment, maintenance and regulation of slaughter houses, slaughter slabs, markets, motor parks and public conveniences; construction of maintenance of roads, streets, street lighting, drains and other public highways, parks, gardens, open spaces, or such public facilities as may be prescribed from time to time by the House of Assembly of a state.

The government at the local level equally carries out the task of naming roads and streets and numbering of houses; provision of maintenance of public conveniences, sewage and refuse disposal; registration of all births, deaths and marriages; assessment of privately owned houses or tenements for the purpose of levying such rates as may be prescribed by the House of Assembly of a States amongst others (Fourth Schedule of 1999 Constitution).

In all these, revenue is central to the optimal performance of local administration because if local governments do not have sufficient revenue, they cannot develop the communities. There are two sources of local government revenue. They are external and internal sources. Statutorily, local governments collect monthly

allocation from Federal source which they receive within the content of the joint account with the state government which is referred to as State Joint Account Allocation. But in many instances, federal allocation is very lean. This shortfall in federal allocation is caused by many factors. Among them is the fall in the price of oil which is the main source of income for Nigeria. Therefore, this shortfall in federal allocation has necessitated local administration to look inward for internally generated revenue to complement federal allocation for their developmental programmes.

Nigeria runs a federal system of government that consists of three tiers, that is, the federal, state and local governments. Each of these spheres has constitutionally assigned responsibilities to discharge. Orewa, (1983) noted “it has been generally agreed that no central government can satisfactorily conduct administration wholly from the capital through civil servants based at the headquarters. Thus, the need for a form of decentralization, such practice will enable the government to reach out to the people at the local level”. Tonwe (2017) states that with the amount and variety of work to be done country-wide by government, it is impossible for a single authority to undertake directly their performance and the government too does

not have the requisite knowledge of all the diverse problems which are local in nature. In spite of its centrality to the development process at the grass root, a major recurrent problem of local government in Nigeria is the ever dwindling revenue generation, discernible from budget deficits and paucity of funds for robust economic growth and development.

Consequently, it has the responsibility to articulate the needs of these people and formulate plans and strategies towards realizing them. Even the urbanized cities are broken into local government areas such that the activities of state governments are interwoven with those of the local governments in particular. This development policy has created many avoidable problems some of which are massive rural-urban migration thereby causing over congestion and heating up the cities, infrastructural decay at the rural areas due to total neglect and abandonment and mass poverty in the country due to lack of proper harmonization of the nation's resources among others.

The focus of this study is to assess whether local government has been able to generate sufficient revenues to prosecute community development at the local level. If they have, to what extent have they used the generated revenue for the developmental purposes

in their areas of jurisdiction? The Kaduna State Government established the Kaduna State Internal Revenue Service (KIRS) in collaboration with local government officials to generate revenue across the state. To what extent is this joint effort benefiting the local government?

1.2 Statement of the Problem

Despite the fact that revenue accrues to Kaduna North Local Government from the statutory federal allocation and internally generated sources, the local government still suffers from inadequate developmental projects. Kaduna North Local Government like other local governments in Nigeria was created for the development of the people at the local area. The local government is faced with problems ranging from underdevelopment, irregular payment of staff salary and stunted growth (Edogbonya and Ja'afaru 2013). For instance, the workers are owed 8 months and 72% between 2016 and 2017). In 2016, Kaduna North Local Government staff were paid 45% in January but no payment in February, March 30%, April 40%, May 50%, June 25%, August 80%, September 35%, October 25%, and in 2017, January 57%, February 75%, March 55%, April 77%, May 52%, June 77.8%, August 61%, November 81%. Besides, certain percentage

of the statutory allocation to Kaduna North Local Government has always been deducted by the state government thereby presumably causing the local government to underperform as characterized by dilapidated infrastructural facilities, irregular payment of salary and unavailability of social services to the rural populace and underdevelopment of the local communities (Raji and Amin, 2017). This work assesses the extent to which Kaduna North Local Government has used its accrued generated revenues for the development of the area. There are many researches on Local Government Administration in Nigeria (Emenuga 2013, Kayode 2013, Lawal 2018, Ezeh 2010, Tonwe 2018) but none has been written on impact of internally generated revenue on community development in Kaduna North Local Government Area of Kaduna State. This work intends to fill the gap.

1.3 Objectives of the study

The major objective of this study is to ascertain the sources of internally generated revenue for Kaduna North Local Government

Area of Kaduna State and the extent to which the resources have been used for community development in the area.

The specific objectives are to:

- i Examine the sources of revenue to Kaduna North local government;
- ii Examine the capacity of Kaduna North Local Government in generating income for developmental programme;
- iii Assess the extent to which the generated revenue has been used for community development in Kaduna North Local Government; and

1.4 Research Questions

- i. What are the sources of revenue to Kaduna North Local Government?
- ii. What are the role of revenue generation on developmental purposes?
- iii. What are the impacts of generated revenue on the development of Kaduna North Local Government Area?

1.5 Significance of the Study

To the researcher, the research work will serve as a requirement in partial fulfillment for the award of Higher National Diploma (HND) in business administration and management, Kaduna Polytechnic.

The research will point out various problems associated with revenue generation and the various means of solving them to ensure effective and efficient performance of the state.

The study could serve as reference material for myself and those who may wish to undertake related topic to this research and could double as study material for students of business administration and management.

1.6 Scope of the Study

The scope of the study shall be to determine the impact of internally generated revenue on the performance of Kaduna North Local Government Area of Kaduna State. The study covers the period of 2017-2021.

1.7 Limitation of the Study

The limitation of this study shall be discuss at the end of this research study.

1.8 Definition of the Study

Impact: Impact in this study refers to the effect of revenue generated on service delivery by local government. It also determined the extent to

which local government was able to deliver local services with resources at its disposal.

Local Government

Local Government is defined as Government at the local level exercised through representative council established by law to exercise specific powers within defined areas. (Federal Republic of Nigeria, 1976).

Financial Management

Financial management is defined as the act of total management function concerned with the effective and efficient raising and use of funds.

Revenue

According to 1999 constitution, revenue is defined as any income or returns accruing to or derived by the government from any source and include any receipt however described arising from the operation of any law, and receipt however, described from or in respect of any property held by government, and any returns by way of interest or loans and dividends in respect of shares or interest held by government in any company or statutory body.

Statutory Allocation

This consists of financial allocations approved by the constitution, to the different tiers of government from the federation account and share of the state government revenues that is allocated to the local governments.

External Sources

These are sources of Revenue that are sourced outside the local government e.g. Donation, Aid, Loan et cetera.

Internally Generated Revenue (IGR)

This refers to the revenue or money collected by the local government from its internal sources (within the Local Government Area). The internal sources of revenue comprise many major and miscellaneous items aggregated to provide the required fund for financing the enormous functions ascribed to local government as third tier of government (Abubakar, 2019).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discusses related relevant literature regarding the subject of this research study. It elaborates on the concepts of internally generated revenue, concept of local government, concept of organizational performance, it also discusses on the empirical literature, theoretical frame work and the summary of the chapter.

2.2. Concept of Local Government

Bello in Akhakpe, (2019) defines local government as “that unit of administration with defined territory and powers as well as administrative authority with relative autonomy”. Dumadu (2018) involves a philosophical commitment to democratic participation in the governing process at the grassroots level. This implies legal and administrative decentralization of authority, power and personnel by a higher level of government to a community with a will of its own, performing specific functions as within the wider national framework. The United Nations Office for Public Administration quoted in Ola and Tonwe (2019) defines local government as: “a political sub- division of a

nation or (in a federal system) state, which is constituted by law and has substantial control of local affairs, including the powers to impose taxes or to exert labour for prescribed purpose. The governing body of such an entity is elected or otherwise locally selected”.

2.3 Concept of Revenue

Fayemi (2019) defines revenue as all tools of income to government such as taxes, rates, fees, fines, duties, penalties, rents, dues, proceeds and other receipt of government to which the legislature has the power of appropriation. He further classified government revenue into two kinds – recurrent revenue and capital revenue. Etuk-udo (2013) defines revenue as an income from both the fixed asset and current asset. He further describes fixed asset as an asset which is expected to last more than one year and it is for future benefit and can be converted to cash immediately. The Longman dictionary of contemporary English (2015), defines revenue as money that a business or an organization receives over a period of time especially from selling goods or services. It also described revenue as money

that government received from tax. Advance learning dictionary of current English (2012), defines revenue as the total annual income of the state collected for public use. It further described it as income, derived from taxation. Oladimeji (2015), describes revenue as the total income generated from federal, state and local government. He stated further that what makes local government as constitutional matters is the revenue sharing perspectives. Hepworth (2016) describes revenue as an income or funds raised to meet the expenditure. He added further that revenue is raising resources needed to provide government services. He also stated that there are two aspect of finance – Income and Expenditure. In other word, the sources of fund and utilization.

2.4 Concept of Development

Development refers to man's progressive qualitative and continued improvement of human labour (Chukwuemeka, 2013). Development is needed not only to enable citizens have higher standards of living and material advancement, but also to achieve socio-economic and political transformation as well as attain technological feats over the environment (Igbokwe-Ibeto, 2003). Development is viewed as "multi-dimensional, referring to positive changes which affect the majority

and which lie in the social, economic, political and cultural spheres of societal life. According to Rudeback (1997) development is about the people, beginning from the grassroots where majority of Nigerians live. It is the ability of a people to use their cultural values over a period of time to change their situation whereby each new stage is better than the preceding one.

Development involves a departure from the past to the new situation, which is reflected in the economic, social, educational and political aspects of a nation.

Lawal and Oluwatoyin (2011) said that development as a concept is a victim of definitional pluralism. Rodney (1972:9) defines development as: “a many-side process. At the level of the individuals, it implies increased skills and capacity, greater freedom, creativity, self-discipline, responsibility and material wellbeing”. Todaro (1977) notes that development must therefore be conceived as a multi-dimensional process involving changes in structure, attitudes and institutions, as well as the acceleration of economic growth, the reduction of inequality and the eradication of absolute poverty.

2.5 Concept of Community Development

Community development is defined within the National Occupational Standards for Community Development as: a long term value- based process which aims to address imbalances in power and bring about change founded on social justice, equality and inclusion. Darby and Morris in Nkwede (2009) defines community development as “an education which would raise levels of local awareness and increase the confidence and ability of community groups to identify and tackle their own problems. United Nations (1948) community development is viewed as that practice of coming together by Persons in the community to undertake group action and proffer common resolutions to challenges and difficulties facing the community (Ifiokobong, 2016).

2.6 Concept of Internally Generated Revenue

Internally Generated Revenue (IGR) denotes the revenue that the federal, state and local governments generate within their respective areas of jurisdiction (Abiola & Ehigiamusoe, 2014). IGR for State governments has also been described as revenues that are derived within the state from various sources such as taxes (pay as you earn, direct assessment, capital gain taxes, etc.) and motor vehicle license, among others (Adenugba & Chike, 2013). According to Asimiyu and Kizito (2014), economic development and sustainability of states in

Nigeria depend on the ability of such states to generate revenue internally to supplement the revenue allocation from federation account. In other words, federal allocations are not sufficient to guarantee economic development of states and local governments, hence the emphasis on local generation of revenues to sustain the economy of the nation locally and at the federal level.

The specific objective of this study is to assess the extent to which Total IGR (TIGR), Local Government Independent Revenue (FGIR) and States IGR (SIGR) influence economic development in Nigeria as measured by real gross domestic product (RGDP). IGR is the primary source of local government sustenance. Ola and Tonwe (2013) described IGR as the live wire of a local government, which implies that, the existence and sustenance of a local government area depends on their ability to generate sufficient revenue. Considering the fact that local governments have control over IGR economic development is made possible and faster. However, the capacity of a local government to receive IGR is one of the criteria and critical consideration for the creation of a local government (Olusola & Siyanbola, 2014). Looking at the theoretical and empirical evidence on how state governments could increase IGR capable of absorbing increasing recurrent and

capital expenditures of states, Ekankumo and Braye (2019) submitted that economic development and viability of states in Nigeria depend on the ability of a state to boost IGR which is not only dependent on tax, but through entrepreneurial options which will help to complement the revenue from statutory account.

Kiabel and Nwokah (2009) in their investigation on what could help states generate more IGR argued that the use of External Tax Consultant provides the solution since states could collect more tax through the consultant's efforts and initiatives. With the persistent economic situation globally and locally, there have been urgent needs for Nigerian government to diversify the economy and stop concentrating on oil and gas. Regrettably, Nigeria's reliance on the oil sector is too critical and the adverse effect of Nigeria's declining oil revenue has had such negative impacts that the Federal Government can no longer handle. State governments who solely depend on the allocations from the federation account are finding it difficult to meet with their obligations such as payment of salaries, provision of public goods and services, provision of affordable and qualitative education and healthcare services.

One of the major challenges the present administration encountered on assumption of office was the non-payment of salaries by some states to their workforce. The federal government managed the situation through granting of bailout funds to the affected states to settle payroll costs and other recurrent expenditure (Delloite, 2016); but despite this intervention by the federal government, many states are still in arrears of salaries to their workers. It is only Rivers and Lagos States that possess the capacity to pay salaries if there are no federal allocations. Balogun (2015) stated that Nigeria's revenue in the 1970s was majorly from Agricultural sector. The four regions that made up Nigeria (North, East, West and the Mid-West) were giants in exporting agricultural products. The North was known for its groundnuts, cotton, hides and skin; the East for its palm produce and coal; the West for its Cocoa and the Mid -West for its rubber and timber. The individual regions made use of the revenues to develop their areas while revenue balance is remitted to the Federal Government.

Unfortunately, this rich source of IGR in the Nigerian regions providing unlimited economic development has been sacrificed at the dwindling 'altar of oil'. The undue dependence on statutory allocations has

become a major constraint why most Nigeria States cannot perform basic functions (Balogun, 2015). Nnanseh and Akpan (2013) believe that IGR is capable of providing adequate basic infrastructures in a state citing Akwa Ibom State as case where IGR contributed so much in the provision of water, roads and electricity. Oseni (2013) posit that IGR is mainly used to offset the high cost of governance by the second and third tiers of government. Therefore, mismanagement of IGR by political leaders and local government officials remains a serious challenge as it affects the economic development in local government areas.

2.7 Concept of Economic Development

Economic Development is the development of economic wealth of countries, regions or communities for the well-being of their inhabitants (Salmon, 2011). From the policy viewpoint, Economic Development can be referred to as efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes and the tax base (Salmon, 2019). The scope of economic development includes the process and policies by which a nation improves the

economic, political and social well-being of its people (O’Sullivan & Sheffrin, 2013).

The goals of economic development policies are to seek economic growth through higher productivity, establishing political systems that represent the preferences of its citizens as accurately as possible, extension of rights to all social groups, creating opportunities for institutions/organizations to function properly, such that they will be capable of handling complex technical and logistic tasks. These tasks involve raising revenues through taxes and utilizing it to provide public service (Bayly, 2018; Bingham, 2020; Brautigam, 2012; Daron & James, 2012; Kenneth & Mark, 2010; Simon, 2016).

2.9 Internally Generated Revenue (IGR)

Adam (2016) defined revenue as the fund required by the government to finance its activities. Internally generated revenues (IGR) are revenues or funds generated by states within the Nigerian federation, independent of their share of revenue from the federation account (Deloitte, 2016). There are challenges that have affected IGR collection in the Nigeria. These challenges have been identified below:

Lack of Adequate Information on Taxpayers. Taxpayers can easily avoid reporting their income to the State (Nigerian Governors Forum, 2015).

Lack of Cooperation from the Taxpayers. Many taxpayers in Nigeria do not see payment of tax as their civic responsibility and an obligation to the government. This is because, they believe that on the part of the government, there is no adequate provision of public goods and services that the citizens need as part of their benefit from their tax payment (Okafor, 2012).

Lack of Uniformity in the Incidence of Taxation. It is obvious that the principle of fairness and equity in taxation do not apply in the Nigerian tax practice and administration. As a result most tax payers feel unjustifiably levied as there are no benchmarks for proper tax assessment in Nigeria (NGF, 2015).

Incompetence of Tax Inspectors. Most tax official lack adequate training and communication skills. The uncivilized manner with which they relate with tax payers does not encourage them to make payments that are due. They approach their job with selfish interest and aggression, thereby giving a taxpayer the option of defending his civic right (NGF, 2015).

Complex Tax Laws and System. Tax laws in Nigeria have not been brought to the layman's understanding. Even among the elites it is still very complicated, such that tax liability becomes a difficult task to compute (Illyas & Siddiqi, 2019).

The conceptual review provides comprehensive definition and concept of economic development, real gross domestic product, internally generated revenue from other authors and scholars as well as the IGR inherent challenges.

2.10 Empirical Review

Vincent (2001) studies on tax and public revenue mobilization in Nigeria have shown a high degree of centralization. According to Emenuga (1993), the allocation of revenue to the tiers of government has not adhere strictly to the expenditure requirements of each tier, thus the federal government has become a surplus spending unit while other functions, proposes the determination of a tier's share through the aggregation of its basic expenditure needs. To reduce the

gap between tax power and responsibilities, two types of revenue sources are allocated to each tier.

These are independent revenue sources and direct allocation from the federation to which centrally collectable revenues are paid. Local government also receives allocations from State Internal Revenues. An agreed formula for vertical revenue sharing is used in sharing funds from the federation account. Another key issue in the practice of public revenue mobilization in Nigeria is how to distribute the bloc share from the federation account among the constituent units of each tier i.e. among the 36 states and the 774 local governments. This is called horizontal revenue sharing. In Nigeria, there are four categories in the vertical allocation list – federal, state, local governments, and the special fund. The allocation to the Federal Capital Territory (FCT) is accounted for under the special fund which is administered by the federal government.

Public revenue mobilization is one of the most keenly contested issues in Nigeria. A comprehensive review of the reports of the various commissions and government policies from the 1946 Philipson Commission to the activities of the National Revenue Mobilization,

Allocation and Fiscal Commission established in 1989 could be found in Kayode (2013), Emenuga (2013) and Ekpo (2014). Local governments in Nigeria receive statutory allocations from the two higher tiers of government (federal and states). At present, revenue sharing formula, local governments receive 20 per cent from the federation account. They are also statutorily entitled to 10 per cent of states' internally generated revenue. As regards to Value Added Tax, local governments receive 30 percent in 1998. This was shared to local governments, on the following basis: equality (50 per cent): population (30 percent) and derivation (20 per cent). In 1999, local governments received 35 per cent of the VAT proceeds. The federal government controls all the major sources of revenue like import and excise duties, mining rents and royalties, which are national in nature (foreign affairs, environment, immigration and defense) should be provided by the central government while those whose benefits are mainly localized should be assigned to the lower levels of government. Quasi-private goods or intermediate goods and services such as administration, health and welfare services should on account of efficiency petroleum sales tax, petroleum profit tax and companies income tax among other revenues sources.

Hofer and Schedal (1978), described strategy as a game plan through which aims and objectives of an organizations are achieved. They further defined strategy as revenue generation as the fundamental pattern of present and planned resources department and environmental interaction that indicate how the organization will achieve its aims and objectives. They added further that it is the skill employed in managing any affairs, which includes the local government affairs especially in the means of generating revenue. According to them, depicted that strategy of revenue generation must aim at ensuring the survival of local government as it relates to determine priorities and decision making, enhancing the viability of local government objectives, de-emphasizing on federal and statutory allocation, tapping all available opportunities in their areas, ensuring effective and efficient management of financial resources, maximizing revenue while minimizing the cost of collection.

However, for effective revenue generation, they suggested strategies like introduction of additional sources of revenue, providing an incentive for extra efforts of the revenue generation staffs, tapping all available opportunities in the areas, periodic raiding by officer of the revenue generation, efficient and effective collection of existing taxes,

taking advantages of business or commercial opportunities in their local areas, public enlightenment and campaign that will educate the tax payer on the importance of prompt payment. Their work is relevant to this study but they failed to address revenue utilization.

Adeosun (1991), stated that strategy to generate more revenue should be given an adequate attention in local government system. This is because the federal and state statutory allocations are prone to external influence. He finally stated that the local government should respond promptly and adequately to the changing in the needs of their communities, decides the relative priorities, articulate plan and programmes, set target and standard, monitoring measures and mobilize financial resources with emphasis on those generated internally to accomplish agreed goals. He concluded that the failure of strategy of revenue generation would be blamed on the caliber of people employed for the task in terms of their education, status, mentality, knowledge, sincerity honest and experience, the type of training and orientation given to the people on field of revenue generation, remuneration or reward and other benefit enjoyed by the staffs, how committed are the people to taxes, fees and other dues, because some of the tax payer sees government facilities as free

goods to be enjoyed by all at no cost rate, while other people believed that government should provide those some basic amenities before asking people to pay for such services, the actual remittance of revenue generated to the local government account. This is because not all revenue generated will be remitted to the account of local government. Doubts the people on whether the payment are actually go into government purse or not, because there are several fraudulent practice by revenue officials.

Adeosun (1991) describes the strategy of revenue generation as the bed-rock of any local government. The viability of any local government to the level at which the services are rendered and the quality of those services are inextricably linked with the financial resources available to them. He equally believed that if there is fund, then the ability of local government to perform will depend on the quality of staffs and equipment need to be recognized as the third tier of government – as the one which is closer to the people, therefore things at the local level can be easily noticed and perhaps has some impact on the people. According to Ojo (2009) local governments have performed below expectations as a result of poor management. Undoubtedly, finance and its prudent management are the bedrock of effective

functioning of local government. It is against this backdrop that Tonwe (1995, cited in Ojo 2009) argues that local governments require finance to perform their statutory functions. The ability of the local government to do this is largely dependent on availability of fund, coupled with efficient management which constitutes the required catalyst necessary for timely execution and completion of their development projects. Agu (2007) identified the external and internal sources of revenue to the local governments. According to her, the external sources of revenue to local government in Nigeria are: statutory allocation and loan while the internal sources include: community tax or flat rate tax, fees, licenses, registration of marriages, development rate, capitation and other forms of rates, registration of births and ;deaths, property rate, registration of public eating housed. She also mentioned grant-in-aid as non-statutory allocation from the Federal government to the state or local government or from state to local government usually to augment the recipients' revenues.

Okolie and Eze (2006) x-rayed the external and internal sources of revenue to the local government. They identified statutory allocation, state governments' mandatory contributions to the local government from her internally generated revenue, borrowing, and grants-in aids

from NGO's, Community Development Association (CDA'S) and government, as the external sources of revenue to the local government. They viewed internal sources of revenue to local government as being necessitated by the quest to expand the revenue base of the local government, hence they stated thus; In order to expand its revenue base and to local governments generated revenues internally through a variety of sources (Okolie and Eze, 2006). They further enumerated the internal sources of revenue to local government as storage fee, development rates/capitation rates, advertisements, obstruction levies/fines, liquor license fees, small-scale fees/levies, and sanitary levies and cattle rates.

Ona (2000) focuses his attention on the internal sources of revenue to the local government in Nigeria. He classified it as taxes, rates, fines, earnings from economic activities, rent, and interest collection and recording, he outlined the duties and responsibilities of local government revenue collectors. Regrettably, in spite of his regulations put in place, certain conditions, according to him, facilitate fraud in collection, accounting and remittance of the revenue collection by the revenue collectors and these include: shoddy nominal tax roll,

issuance of fake receipts, dishonest recording and inadequate recording materials. Ugwu (2000) in apparent continuation of the issues being discussed outlined the external and internal sources of revenue to local governments in Nigeria. The external sources include: the statutory allocation from federal government, the states statutory allocation of internally generated revenues, local government share of Value Added Tax(VAT), and special grants while the internal sources comprise property taxation such as tenement rate, licenses, fines and fees, markets, shops, kiosks, motor parks and towing operations, local flat rate/ community rate, cattle tax, grants in lieu of rates, out-doors advertisement/hoarding and entertainment, restaurant, laundries, revenue from sales, interest payment and dividend, revenue from commercial of contracts, identification certificates, rent on local government property, capital enterprises and other miscellaneous sources. He further mentioned donations from public-spirited individuals or philanthropists, and bank loan as part of the sources of revenue to the local government, although he did not classify them as external or internal sources.

Okoli (2000) identified two major sources of revenue to local government councils as internal sources; and government grants and

loans. He noted that the internal sources of revenue to the councils varied from local government to local government and these consisted of property rate, capitation rates, cattle rates, development rates, market/motor park fees, vehicle licenses and liquor licenses. Ozor (2000) noted that “there are a number of ways in which local governments can source for funds in order to fulfill their financial obligations and responsibilities to the electorates”. These include: statutory allocations, grants from the state governments and internally generated revenues. He identified local taxes as the major internal sources of revenues.

However, he commented that: People refuse to pay up due to lack of transparent honesty and public accountability on the part of some local government officials.

Orewa (1986) describes and discusses various sources of revenue open to local governments and problems in the collection and management of their finance. Such problems are shortage of trained manpower, ignorance of the councilors over their duties and non-commitment to duty on the part of the staff and councilors alike. Adediji (1979) blames poor internal revenue generation of local government on lack of proper structure, low quality of staff and lack of

mission and comprehensive functional role. According to him, these problems lead the local government into vicious circle of poverty. This is due to the fact that inadequate funding results in employment of low skilled and poorly paid staff. Omopariolar and Adewale (1998), state that high incidence of tax evasion also plays a major role in poor internally generated revenue in the local government system. Most Nigerians are not willing to pay taxes.

Olaokun (1979) states that: there are variations in the capacity of the different levels of government may not have enough capacity to raise enough revenue when it is realized that in a federation it is desirable for every state or locality to attain minimum level of services. It becomes imperative that for these areas that have low revenue-raising capacity to meet up with the national minimum they have to impose heavier taxes on inhabitants of such areas. These existing literatures have failed to explain the impact of state – local government intergovernmental relations on internally generated revenue. Local government system in Nigeria needs a moderate amount of financial autonomy to be able to discharge its responsibilities effectively. Public revenue in a federal system assumes that there are benefits to be derived from decentralization.

Akai and Sakata (2002) used a cross-section research design to investigate the impact of fiscal decentralization on economic growth at States level in the United States. The study employed data from 50 States of the United States. Despite several other factors that affect economic growth, the study provided evidence that fiscal decentralization plays important role in economic growth. The study rejected the null hypothesis above and proved that total IGR received by 50 states in the US affect economic growth positively.

Bodman, Campbell, Heaton, and Hodge (2009) studied the impact of fiscal decentralization on the economy of Australia both at the aggregate and state levels. The focus was not only on economic growth but attention was also drawn on important macroeconomic variables that could influence growth. The dependent variables used were the gross state product (GSP) per capita, per capita GDP and inflation. The independent variables were the expenditure and revenue shares. Time series data were collected for all the variables from 1972 to 2005. Revenue decentralization was found to increase medium term economic growth, improve budget balance and price stability, but there was no relationship with the size of the public sector. Therefore,

the null hypothesis above was also proved wrong from the findings of Bodman, et al. (2009).

Yulindra (2012) examined the effect of fiscal decentralization on Local economic growth of Sumatera Barat Province in Indonesia. The paper adopted a descriptive research design using Pooled Ordinary Least Squares Method, fixed effect and random effect methods. The study made use of a sample of 15 local regions which consisted of 9 regencies and 6 cities in province of Sumatera Bara. The results obtained from the analysis indicated a positive relationship between fiscal decentralization and local economic growth in Sumatera Barat. The study therefore, provided evidence that fiscal decentralization measured by revenue could enhance economic growth in the local government areas in Indonesia. That means the H04 above has been rejected.

Owusu (2015) carried out an assessment of the contributions of Internally Generated Fund (IGF) in the development of Metropolitan Assemblies in Ghana, using Kumasi Metropolitan Assembly (KMA) as a case study. The specific objective was to investigate the contribution of various revenue sources towards the development of KMA. The data generated for the study covered a period of six (6) years from 2009 to

2014. The revenue sources examined were rate, lands, licenses, rent, fees, fines and other income. The study employed a descriptive research design while simple percentage contribution was used to establish the extent of IGF contribution to economic development in KMA. The result showed that IGF contribution to Education was 26%, Health 1%, Environment 20%, Administration 15%, Economic 12%, Human Resources 5%, Office Equipment 5%, Project Management 9%, and other Miscellaneous 7%. Therefore, the null hypothesis which says that locally generated revenue does not significantly affect the economy could be accepted in this study which revealed that KMA IGF could not adequately contribute to the socio-economic needs of the citizenry.

2.10.1 Selected Empirical Studies in Nigeria on the Impact of IGR on Economic Development

Nnanseh and Akpan (2013) investigated the effects of internally generated revenue on infrastructural development in Akwa Ibom State in Nigeria. The study made use of ex-post facto research design and secondary sources of data spanning from 2000-2012 which were obtained from Akwa Ibom State Government Annual Budget Appropriation and the State Board of Inland Revenue (SBIR) Annual

Report and Statement of Accounts. The regression result revealed that IGR contributed positively and significantly to the provision of water, electricity and roads but the road construction was most favoured. In this study, there is evidence that Ho3 is not accepted.

Ironkwe and Ndah (2016) studied the impact of internally generated revenue (IGR) on the performance of local governments in Rivers State Nigeria. The study adopted the ex-post facto research design and made use of a population size of 23 local government councils in Rivers State. The secondary data employed were from 2005 to 2014 and were collected from the authorities of Ogba/Egbema/Ndoni Local Government Council. The findings of the study revealed that TREV and NTRV had no significant impact on Local Government road construction (LGRC) in Ogba/Egbema/Ndoni Local Government Councils within the period studied. The p-value were ($0.26 > 0.05$ and $0.43 > 0.05$) for TREV and NTRV respectively. The result also showed that NTRV had a significant negative impact ($p\text{-value} = 0.03 < 0.05$; $t\text{-statistics} = -3.980$) on local government staff salaries and wages (LGSW) while the TREV had a significant positive impact ($p\text{-value} = 0.02 < 0.05$; $t\text{-statistics} = 2.228$) on LGSW. The study indicated that locally generated revenue

cannot adequately enhance economic development, therefore the Ho₄ is accepted.

Olaoye and Adedeji (2017) used regression analysis to evaluate the performance benchmarking of selected Southwest States. The three States randomly selected for the study were: Lagos State, Oyo State, and Ogun State. The study was descriptive research and specifically examined the effect of Internally Generated Revenue (IGR), Federal Statutory Allocation (FGA) and Value Added Tax (VAT) on the States' economic growth which was represented by Per Capita Income (PCI). The data covered the period of 6 years and were gathered from the Federal Bureau of Statistics and Annual Financial Reports of the selected States. The result indicated that in Lagos State FGA (p-value = $0.001 < 0.05$); IGR (p-value = $0.008 < 0.05$) and VAT (p-value = $0.007 < 0.05$) had positive and significant impact on PCI. In Oyo State VAT (p-value = $0.185 > 0.05$) and IGR (p-value = $0.113 > 0.05$) had positive correlation with PCI but no significant impact was found, while FGA (p-value = $0.224 > 0.05$) had negative and insignificant effect on PCI. In Ogun State, VAT (p-value = $0.902 > 0.05$) had negative insignificant impact on PCI but FGA (P-value = $0.570 > 0.05$) and IGR (p-value = 0.105

> 0.05) showed not impact on PCI. In the case of Lagos State, the Ho3 is accepted, the result of other states proved otherwise.

2.11 Theoretical Framework

The theory of fiscal federalism is applied for this study because of its relevance. The theory which was originally developed by Musgrave (1959) concerns the division of public sector functions and finances in a logical way among multiple layers of government (King 1984). Fiscal federalism, as it is called, is used to refer to the fiscal arrangement among the different tiers of government in a federal structure (Ekpo, 2004). Initially, stabilization and distribution were considered the cardinal points in federal arrangement. According to Bello (1990), the most dominant area of intergovernmental relations is finance. This is because no level of government can perform its functions without strong financial base.

The theory of fiscal federalism applies to local service units in metropolitan area as to states in a federation (Gramlich 1977, Rubinfeld 1987). In principle, however, there are important analytical and policy differences, not only between local metropolitan problems and federal state problems but even between tight federal state problems but even between tight federations such as Germany and

“Loose” federation such as Canada with the United States somewhere in between. These differences arise in part from the differing nature and rigidity of the constraints imposed by political institutions. The question has attracted considerable attention in recent years in part because of the emergence of nascent “federal institutions” especially in third world countries.

The systems theory propounded by David Easton is also relevant to this work. According to him, the political system is defined as the system of interactions in any society through which binding and authoritative decisions are made and implemented. Easton considers the political system to exist within an environment of other systems which include the physical, biological, social, psychological, among others, which shape it and are in turn affected by the political system through conscious transactions and exchange. In addition, Easton noted that the political system functions by getting inputs from its environment. Inputs are events in the environment, which evoke responses from the system. Inputs could be demands that values should be allocated in a particular way, or they could be supports that are expressions of approvals for particular decisions and complimentary services to the political structure; whereas outputs are decisions of the

political system and the provision of amenities and welfare of its citizens.

The system approach is useful to the study of revenue generation on community development at local government level in Nigerian local governments. Local governments in Nigeria do not function in isolation. They operate within economic, social and political environment, which shape its operations and are in turn shaped by it. While the government plays the important role of authoritative allocation of values, including the provision of social and essential infrastructure, it cannot perform this important task satisfactorily without the support, especially in the area of revenue generation. This understanding is at the heart of the revenue mobilization, taxation, rates and other income accruing exercises. Thus, in order to discharge its functions effectively, there is the need for efficient mobilization of revenue in the local governments. The federal and state governments as well as the citizens and market organizations provide supports to Kaduna North local government in its task of improving the well-being of the people of the area and giving them a sense of belonging. These supports bring development in the society (Ifeayekwu, 2012).

2.12 Summary of the Chapter

The various studies reviewed above tested the impact of IGR on economic development in different ways and at diverse times. Both the foreign and local studies were focused on specific states and selected provinces/local government councils. The null hypotheses (Ho1; Ho2; Ho3; Ho4) were rejected in the studies of (Akai & Sakata, 2002; Bodman et al., 2009; Yulindra, 2012; Nnanseh & Akpan, 2013) which proved that IGR significantly and positively impact on economic development, while the studies of (Owusu, 2015; Ironkwe & Ndah, 2016) accepted Ho4. In the research work of Olaoye & Adediji (2009), Ho3 was accepted in the result that emerged from Ogun and Oyo states while the regression result emanating from Lagos state proved otherwise. This study is different because it has been planned to include the IGRs of the federal government, 36 States including the Federal Capital Territory (FCT) Abuja and 774 local government councils in Nigeria and the country's Real Gross Domestic Product (RGDP). The aim is to empirically establish the effect of IGR on the Economic Development of Nigeria as a nation.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The effectiveness of every research work, according to Osuala (2015), lies mostly on the various methods and approaches employed by the researcher in the conduct of the study. In view of this, this chapter shall contain detailed information regarding the various methods and approaches that shall be employed by the researcher for the purpose of this study. The contents of this chapter, however, shall include: the research design; area of study, population of the study, sample size and sampling technique; data collection techniques; validity and reliability of instrument, and method of data presentation and analysis

3.2 Research Design

The researcher will employ the use of survey research design in the conduct of this study. This form of research design utilizes various survey research tools such as questionnaire and personal interview, capable of providing the researcher with adequate and reliable needed data. It

however, enabled the researcher to cover as much as necessary large portion of the research population and have access to adequate opinions, suggestions, ideas and different discoveries on the research topic.

3.3 Area of the Study

The Kaduna North local government area, shall be the area of study use for the purpose of this research work. The local government secretariat is situated at Magajin Geri, Kaduna.

3.4 Population of the Study

The population of this study shall consists of all the employees of Kaduna North local government area Kaduna. The population of the staff shall comprise of Top management, Middle management, Lower management and other workers which stood at a 150 workers at the time of this investigation.

3.5 Sample Size and Sampling Technique

The researcher shall use random sampling technique to draw sample size for the study. Therefore, the sample size for the study is 108 respondents.

The choice of the sample size shall be adopted from krejcie and Morgan table for determining sample size.

3.6 Instruments of Data Collection

The researcher will employ the use of structured questionnaire that allows for a gradual response. The questionnaire will be design using Likert's scale rating of five (5) points ranging from 5, 4, 3, 2, & 1 with a degree of Strongly Agree(SA), Agree (A), Undecided (U), Disagree (D), and Strongly Disagree (SD) respectively. The choice of this method is because it is less cumbersome and non-complex in nature. It allows respondents to choose from options with a degree of agreeing to the statement or disagree as the case may be. Also, they are easy to administer and help keep the respondent's mind fixed to the subject and facilitate the process of tabulation, analysis and scientific generalizations.

3.7 Validity of Instruments

The questionnaire formulated for the purpose of this research work will be presented to the project supervisor for validation, on which immeasurable comments and observations were made and necessary corrections based on the supervisor (Mal. Abu Ubaida) and two other

experts. Observations will be effected on the questionnaire before been administered to the studied respondents.

3.8 Reliability of Instrument

In order to determine the reliability of the instrument (questionnaire), the researcher will employ test retest technique of validity test. In this case, the researcher first have structured the questionnaire distributed 20 copies to the respondents and retrieved them back in order to assess whether the respondents understand the contents of the questionnaire or not, and make any necessary correction there-from before the administration of the actual questionnaire that will be presented and analyzed for the purpose of this study.

3.9 Method of Data Collection

To avoid bias and ensure orderliness, appropriateness and efficiency in questionnaires administration, the researcher personally administered the formulated questionnaires to the respondents randomly. This is made possible with permission from the Director, Human Resource Department. And also personally collected the questionnaire.

3.10 Method of Data Presentation and Analysis

The data collected will be presented in tables of frequency showing the different values of random variables together with their associated or corresponding frequencies; while the analysis are based on the use of Mean Score (\bar{x}) to ascertain the degree of agreement and disagreement of each statement/variable. The Mean statistical method was made possible with the Likert's Rating Scale of 5 — 1, that is.:

SA Strongly Agreed = 5;

A Agreed = 4;

UD Undecided = 3;

D Disagree = 2; and

SA Strongly Agree = 1.

With this method, survey statements are either accepted (agreed) or rejected (disagreed) with a cut-off point of 3.00, derived as shown below:

$$\frac{5+4+3+2+1}{5} = \frac{15}{5} = \underline{\underline{3.00}}$$

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

Having collected necessary data with the use of questionnaire from the research respondents, the study in this chapter presents and analyses data collected and also discusses the results there-from in order to provide appropriate response to the earlier developed research questions and make appropriate inference of relevant information necessary to achieve the objectives for which the study was undertaken. This chapter contains the presentation and analysis of data, as well as discussion of research findings. Of the total 113 questionnaires administered only 108 (96.2%) were fully completed and returned back to the researcher.

4.2 Characteristics of Respondents

Table 1: Gender

Options	Frequency	Percentage (%)
Male	58	53.7
Female	50	46.3
Total	108	100.0

Source: Field Survey, 2022.

The Table above demonstrates the sex distribution of the study's respondents that is the sampled staff of Kaduna Refining Petrochemical

Company (KRPC) Kaduna zonal office, where it was shown that male respondents constitutes 53.7% (58 staff) and the female respondents constitutes 46.3 (50 staff). This however indicates that the male respondents are more than the female respondents.

Table 2: Respondents' level

Options	Frequency	Percentage (%)
Top management	8	7.4
Middle management	30	27.8
Lower level management	49	45.4
Other staff	21	19.4
Total	108	100.0

Source: Field Survey, 2022

From the table above, it shows that 7.4% (8) respondents are top management staff that is, those responsible for strategic planning, 27.8% (30) are middle level management which includes those for the partly strategic and partly tactical planning, while 45.4% (49) are lower level management staff responsible for operational planning, and the remaining 19.4% (21 staff) respondents are staff other than those

mentioned above. This therefore shows that the respondents constitute employees at every level in the organization.

Table 3: Length of service in the organization

Options	Frequency	Percentage (%)
1 — 5 years	27	25.0
6 — 10 years	42	38.9
11—15years	30	27.8
16 years and above	9	8.3
Total	108	100.0

Source: Field Survey, 2022

The table 3 above shows the length of service of the staff of KRPC Kaduna Zonal office, Kaduna. It was shown that 25.0% (27) respondents have used between 1 and 5 years, 38.9% (42) have used between 6 and 10 years, while 27.8% (30) have used between 11 and 15 years, and the remaining 9 respondents representing 8.3% have used 16 years and above in the organization.

4.3 Data Presentation and Analysis

Research question 1: What are the sources of revenue to Kaduna North

Local Government?

S/N	Statement	SA	A	U	D	SD	$\Sigma fx/\Sigma f$	Mean	Remark
1.	Direct taxes	60	40	2	3	3	473/108	4.4	Agreed
		300	160	6	6	3			
2.	income tax, wealth tax, property tax	70	30	0	5	3	483/108	4.5	Agreed
		350	120	0	10	3			
3.	indirect taxes	50	45	5	3	5	456/108	4.2	Agreed
		250	180	15	6	5			
4.	GST, service tax	60	30	10	5	3	463/108	4.3	

		300	120	30	10	3			
--	--	-----	-----	----	----	---	--	--	--

Based on the findings from the above table, it was found that, income tax, wealth tax, property tax, indirect taxes and GST, service tax are the sources of revenue to Kaduna North Local Government

Research question 2: role of revenue generation on development in Kaduna state?

S/N	Statement	SA	A	U	D	SD	$\sum fx/\sum f$	Mean	Remark
1.	economic development is positively related to revenue generation which is the nucleus and the path to modern development.	60 300	40 160	2 6	3 6	3 3	473/108	4.4	Agreed
2.	Local government being the third tier of government and the closest to the people especially in the rural areas need revenue to provide basic social amenities to the people.	70 350	30 120	0 0	5 10	3 3	483/108	4.5	Agreed
3.	Revenue from taxation and customs provides governments with the funds needed to invest in development, relieve poverty and deliver public services	50 250	45 180	5 15	3 6	5 5	456/108	4.2	Agreed
4.	statutory allocation and internally generated revenue are positively related to government expenditure, which may	60	30	10	5	3	463/108	4.3	

	cause more government spending that may leads to fiscal imbalances.	300	120	30	10	3			
--	---------------------------------------------------------------------	-----	-----	----	----	---	--	--	--

Based on the data analyzed above, it was agreed that, economic development is positively related to revenue generation which is the nucleus and the path to modern development, Local government being the third tier of government and the closest to the people especially in the rural areas need revenue to provide basic social amenities to the people, Revenue from taxation and customs provides governments with the funds needed to invest in development, relieve poverty and deliver public services and statutory allocation and internally generated revenue are positively related to government expenditure, which may cause more government spending that may leads to fiscal imbalances are the : role of revenue generation on development in Kaduna state.

Research question 3: What are the impacts of generated revenue on the development of Kaduna North Local Government Area?

S/N	Statement	SA	A	U	D	SD	$\sum fx/\sum f$	Mean	Remark
1.	Internally generated revenue (IGR) serves as the major tool for social contract and infrastructural development within a state.	60 300	40 160	2 6	3 6	3 3	473/108	4.4	Agreed
2.	It helps the government to be responsible and required decisions needed to satisfy the basic needs of the people.	70 350	30 120	0 0	5 10	3 3	483/108	4.5	Agreed
3.	IGR is majorly derived from taxation in Kaduna state.	50 250	45 180	5 15	3 6	5 5	456/108	4.2	Agreed

4.	The tax generation, that is, fiscal capacity of government, is <i>directly proportional to the economic development and quality of services for the population.</i>	60	30	10	5	3	463/108	4.3	
		300	120	30	10	3			

From the table analyzed above, it was agreed that, Internally generated revenue (IGR) serves as the major tool for social contract and infrastructural development within a state. Also, It helps the government to be responsible and required decisions needed to satisfy the basic needs of the people, so also, IGR is majorly derived from taxation in Kaduna state. And finally, The tax generation, that is, fiscal capacity of government, is *directly proportional to the economic development and quality of services for the population.*

4.4 Summary of Findings

It was found that, income tax, wealth tax, property tax, indirect taxes and GST, service tax are the sources of revenue to Kaduna North Local Government

It was found that, economic development is positively related to revenue generation which is the nucleus and the path to modern development, Local government being the third tier of government and the closest to the people especially in the rural areas need revenue to provide basic social amenities to the people, Revenue from taxation and customs provides governments with the funds needed to invest in development, relieve poverty and deliver public

services and statutory allocation and internally generated revenue are positively related to government expenditure, which may cause more government spending that may leads to fiscal imbalances are the role of revenue generation on development in Kaduna state.

It was also that, Internally generated revenue (IGR) serves as the major tool for social contract and infrastructural development within a state. Also, It helps the government to be responsible and required decisions needed to satisfy the basic needs of the people, so also, IGR is majorly derived from taxation in Kaduna state. And finally, The tax generation, that is, fiscal capacity of government, is *directly proportional to the economic development and quality of services for the population.*

4.5 Discussion of Findings

Findings on Sources of Revenue Generation in Kaduna North Local Government

From the Findings, it was revealed that Kaduna North local government generates revenue through external sources and internal sources. External Sources: The internal sources include local rates and commission paid to local government for assisting in the collection of some taxes or dues on behalf of the state government. The local government generates revenue through market rates

and levies excluding any market where state finance is involved, wheel-barrow fees, permits fees, local government business investment, tenement rates, fees from schools established by the local government, shops and kiosk rates, slaughter slab fees, birth and death registration fees and naming of street registration fee, excluding any street in the state. The report showed that Kaduna North generates income from right of occupancy fees on lands, cattle tax payable by cattle farmer only and religion places establishment permit fee. This is similar to previous study of Agu (2017) identified the external and internal sources of revenue to the local governments. According to her, the external sources of revenue to local government in Nigeria are: statutory allocation and loan while the internal sources include: community tax or flat rate tax, fees, licenses, registration of marriages, development rate, capitation and other forms of rates, registration of births and deaths, property rate, registration of public eating housed. She also mentioned grant-in-aid as non-statutory allocation from the Federal government to the state or local government or from state to local government usually to augment the recipients' revenues. This is also similar to Adenike (2016) that the internally

generated revenue sources of local government comprise taxes, rates, fines, fees, and licenses and other miscellaneous sources.

However, the Kaduna State Government has established Kaduna State Internal Revenue Service in 2016 to handle all forms of revenue generation in the Kaduna North local government of Kaduna State. According to report, the reason for the establishment of KWIRS was to harmonize revenue generation and improve the level of income in the local governments. Finding from the interview showed that “there was agreement of 30% generated revenue to be remitted to Kaduna North local government area every month”. Such decision was reached at the Joint Revenue Committee Meeting.

Findings on Capacity of Generating Revenue

Findings from the interview show that revenue officers are not efficient as a result of inadequate training and unnecessary political interference. The weakness of the revenue collectors gave room for consultants thereby the functions of the treasury department of Kaduna North local government were overload by the Kaduna State Internal Revenue Service. This is similar to previous study by Nwankwo (2015) that lack of adequate manpower for revenue generation by Nigerian local government, he observed that why local governments

have not paid proper attention to internal generation of revenue was due to poor staffing, sharp and fraudulent practices of the revenue collectors, lack of logistic support for revenue collectors and refusal of most citizen to cooperate in paying the necessary fees due to the local government. The implication of this is that, multiple or double taxation emanated. For instance, personal Income Tax was 1,500 but now it has increased to 2,500. This is because, 1,500 naira goes to contractor while 1000 naira goes to the council.

Findings on Impact of Revenue Generation in Kaduna North

Finding from the interview shows that generated revenue in Kaduna North is used to dig and maintain borehole. This is similar to. Edogbanya and Jafaaru (2013), provision of clean water for the people in the local government area. It is also in line with respondents view in the questionnaire. Based on this, it can be said that the local government has failed to provide other basic units of life such as good road, maintenance of schools and hospitals for communities.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The result of findings reveals that majority of the respondents disagree that Kaduna North local government generates sufficient revenue both internally and externally. This makes it difficult for Kaduna North local government to embark on projects that will bring development to communities. The result is in line with Ola and Tonwe's (2015) assertion that the dearth of finance had always been one of the major handicaps that hinder local governments in the performance of their functions in the country. It is similar to previous study that lack of adequate funds and appropriate institutions have

continued to make local government ineffective. The majority of the respondents agreed that Kaduna North local generates revenue through marriage, birth and death fees. The majority also agreed that Kaduna North receives huge amount of money from market rates and levies. This is in line with interview report that Kaduna North local government generates more income in Alapa, Ote, Eyekorin markets amongst others. However, majority disagreed that the local government generates revenue through public convenience sewage and refusal disposal fees. The result is true because it is in line with interview report that Kaduna North local government did not generate revenue through public convenience sewage and refuse disposal since majority of the communities are in the rural areas. The finding shows that Kaduna North local government borrows from State and financial institutions and collects permit fee on land establishment within its jurisdiction.

2. The finding shows that Kaduna North local government does not have efficient tax enforcement. This is similar to Adewale (2018) and Ezeani (2014) sated that most of local governments cannot enforce bye laws on revenue collection. In some cases the law of revenue collection is not updated. They also maintained that there is also poor communication network especially in the reverie areas. The majority of the respondent agreed that revenue officers are more efficient than the consultants. The study revealed that there are skilled workers to collect taxes from tax payers in Kaduna North local government area and the majority agreed that the techniques employed in collecting taxes are very efficient and effective in Kaduna North.

3. The finding reveals that majority disagreed that the level of community development has encouraged more people to pay taxes. Also, majority of the respondent strongly disagree that Kaduna North is ahead of other local governments in Kaduna State in the provision of basic amenities while the majority agreed that revenue generation supports availability of borehole and well water. This is similar to. Edogbanya and Jafaaru (2013) stated that provision of clean water for the people in the local government area. From the findings, majority of the respondents disagreed that grading of roads is executed quarterly or yearly basis by the council through Kaduna North Internal Generated Revenue. The study revealed that the majority of the respondent agreed that poor basic amenities have led to loss of lives while the majority strongly disagreed that the income generation is used to maintain and build hospitals in Kaduna North. It is also discovered that majority of the respondents disagreed that internal generated revenue is used to build shopping complex and modern market in Kaduna North local government area while the majority strongly disagreed that maintenance of schools in Kaduna North local government is done through Internally generated revenue.

5.2 Conclusion

This study identified and examined various sources of revenue generation, the capacity, impact of revenue generation in Kaduna North local government of Kaduna State. The study revealed that Kaduna North local government generates income from both internal and external sources. The generated revenue is used to dig well water and boreholes in Kaduna North Local Government of Kaduna State, Nigeria.

5.3 Recommendations

Based on the findings, it was recommended that:

- i. The generated revenue should be used to provide basic needs for the populace so as to encourage many people to pay tax.
- ii. Autonomy should be given to local government so as to enable the council to function appropriately.
- iii. The use of council staff should be encouraged. Enough staff should therefore be employed by the council to man the various revenue units of Kaduna North local government.
- iv. Adequate legislation on revenue tariff is very necessary therefore; the council should ensure that its legislative body makes an up-to-date tariff to forestall instances of use of discretion by revenue collectors.
- v. The local government chairman should ensure that machinery put in place to generate more revenue internally to enable them do more developmental projects.

REFERENCES

Abah, E. O. (2015). United Nations Development Programme And Sustainable Human

Development in Nigeria – A Study of Ebonyi State; Ph.D Thesis, UNN.

Abba, N. and Nwanne, T. (2017) “Financing Local Government in a Federal Setting”, in Ajayi, K. (ed.), Theory and Practice of Local Government. Ado-Ekiti, UNAD

Abubakar .A.Y. (2019) The Role of Local Government in Social, Political and Economic Development in Nigeria. Department of Local Government Studies, Institution of Administration, Ahmadu Bello University, Zaria

Adamolekun, L.D. (2018) Local Government in West Africa since Independence, University of Lagos press

Adedeji, A. (2018) Local Government Finance in Nigeria, Problems and Prospects, UNIFE Press, Ile-Ife.

Adedeji, A. (2016) Handbook of Institutional Approaches to International Business:<http://books.google.com.ng>

Adedokun, A. (2012) Local Government Tax Mobilization and Utilization in Nigeria: Problem and Prospects: <http://www.visar.csustan.edu/aaba/Adedokun.pdf> Retrieved on May 18, 2013

Adeosun, M.C. (2019); Budgeting on Local Government, Taiwo Road, Box 724, Ilorin, Kaduna State Society

Adeyemi, O. and Oluwatobi.1. (2012), Corruption And Local Government Administration in

Nigeria: A Discourse of Core Issues, European Journal of Sustainable Development **1**, 2,183-198 ISSN: 2239-59381 Department of Local Government Studies, Faculty of Administration, ObafemiAwolowo University, Ile-Ife, Nigeria

Adeyemo, D.O. (2018) Optimizing Local Government Finance through Public Private

Partnership in Grass Roots Development Advance Learning Dictionary
of Current English 1992

- Agagu.A.A. (2017) Local Government” in Kolawole, D. (ed) Readings in Political Science, Ibadan, Dekaal.
- Agyei, A. K. (2013): Principles of Personal Income Taxation, Lagos; West Africa Book
- Ajayi, K. (2017) Theory and Practice of Local Government. Ado Ekiti, UNAD
- Ajibola, R. (2018) Public Finance: Principles and Practice. Lagos:AVL Publishing.
- Ake, C. (2017). Democratization of Disempowerment in Africa.Centre for African Social Sciences, Accessional Monograph No. 1 Lagos: Malt House Press Ltd
- Akhakpe, I. (2019). Local Government Reforms in Nigeria in I. Olojide, B. Fajonyomi, and J.Fatile (eds.) Contemporary Issues in Local Government Administration in Nigeria, Lagos: RaksonNig Ltd.
- Akindele, O. (2016) Local Government Tax Mobilization and Utilization in Nigeria. Maiduguri: Unpublished M.Sc Seminar presented to the Department of Public Administration, University of Maiduguri Ltd.
- Anazodo, R.O., Igbokwe-Ibeto, C.J, Osawe, C.O &Nkah, B.C (2014).Grassroot Leadership and Sustainable Socio-Economic Development in Nigeria: Periscoping the Impediments and Exploring the Imperative. Journal of Sustainable Development in Africa, 16(6):114-125
- Ayo, C. (2015) In Cole, A. “Local Government as a vehicle of sustaining Democratic setting” Kogi Affairs Vol 4. No 17.

Appadorai, A. (2017) The substance of Politics. New Delhi, Oxford University Press.

Arowomole, S. S. (2018): The Effectiveness of Clearance Certificate as a Measure Against Tax Evasion and Avoidance in Nigeria. M.Sc Thesis Department of Accountancy, Unilag.

Anyawokoro, M. (2019): Theory and Policy of Money and Banking; Hosanna Publication Enugu: 1st Edition.

Bello-Iman, I.B. (2019) Local Government Finance in Nigeria, Ibadan NISER.Brundtland Report. Available at <http://www.un-documents.net/wcedocf.htm>. Accessed, 23/07/14

Cameron, D. (2016), "The Structures of Intergovernmental Relations" International Social Science Journal vol. 5 No. 2.

CBN. (2019). Nigeria's Development Prospects: Poverty Assessment and Alleviation Study.CBN in Collaboration with the World Bank, p.3.

Ekpo, A. and J. Ndebbio. (2018) Local government fiscal operations in Nigeria,. AERC Research Paper No. 73, African Economic Research Consortium, Nairobi: Kenya

Emenuga, C (2013) The Search for an Acceptable Revenue Allocation Formula: The National

Question and Economic Development in Nigeria Ibadan, Nigerian

Hague, R. and Harrop, M. (2001) Comparative Government and Politics.

Hampshire: Macmillan. Hepworth, N.P. (1976) The Finance of Local

Government, George Allan London.

Nkwede, V. I. (2009).Community Development and Urbanization In Nigeria (Theories and Applications). Onitsha Chambers Books Ltd.

Nwafor, J. (2006) Environmental Impact Assessment for Sustainable Development: The Nigerian Perspective. Enugu: EL'Demak Publishers.

Nwakaire, O. and Ore, C. (2013): "Strategic Development of Literacy in Promotion of Livelihood among Youths in the UBE Scheme for Sustainable Development" International Journal of Research in Arts and SocialSciences. 6(-) 231-238.

Nwana, O.C. (1981) Introduction to Education Research; Ibadan: Heineman Educational Books Ltd

Obi, V. A. (2001) Modern Local Government Practice in Nigeria. Enugu: Fulladu Publishing Company

Obinna, O. E. (1995) "Local Government Financing" In M. Ikejiani-Clark and F.C Okoli (eds) Local Government Administration in Nigeria. Current and Future Challenges, Lagos: Mangrove Publication.

Odo, M. O. (1992) Guide to Proposal Writing in Social and Behavioural Science. Enugu: Snaaps Publisher.

Oguonu, C. N. (2003) "Public Accountability of the Executive and the Legislature Arms of Local Government" in Ezeani. O. O. (ed) PublicAccountability in Nigeria: Perspectives and Issues. Enugu: Academic Publishing Company.

Oguonu, C. N. (1995) "Motivating the Revenue Collectors Towards Effective Revenue Collection at Local Government level" Proceedings of National Workshop and Prospects for Local Government Officials (U.N.N Catchment Area)

- Ojo, S.O. (2009) Issues in Perspective. In: VO Aghayere, FE Iyoha (Eds.): Ethnicity, Standard and Accountability in Governance. Ekpoma: Institute for Governance and Development, Ambrose Alli University.
- Okoli, F. C. (2000) Theory and Practice of Local Government: A Nigeria Perspective. Awka: John-Jacob Classic Publishing.
- Okoli, F. C. (2003). Politics of Development and Underdevelopment (Theories of Development).Nsukka; Tpomost Press & Business Centre.
- Okoli, M. U. (2004) Intergovernmental Relations: Theories and Practice. Awka: FountainPublishers.
- Okonjo, I. M. (1979) "The Objectives of Government Grants - in – Aid to Local Government" in Adedeji, A. and L. Roland (eds) LocalGovernment Finance in Nigeria. Ife: University of Ife Press
- Okpaga, O. (2004), Non-Governmental organizations and Rural Development – An Assessment of the impact of information Financial Institutions on community Development in Igede Area of Benue State. Being a speech delivered at the 10th Anniversary Dinner Party of OkpawuleWule Social Club of Igede, held at FIMACO rite club, Oju on February 1, 2004.
- Okpe, I.I. (1998) Personal Income Tax of Nigeria Enugu; New Generation Book.
- Olajide,R.A. (2015) International Journal of Economics, Commerce and Management United Kingdom Vol. III, Issue 6, June 2015 Licensed under Creative Common Page 1346 <http://ijecm.co.uk/> ISSN 2348 0386

- Olalokun, F .A. (1979)"Nigeria Federal Finance: Issues and Choices" in A.B. Akinyemi et al (eds) Readings in Federalism- Lagos NIIA
- Ola, R.F. and Tonwe, D.A. (200) Local Administration and Local Government in Nigeria, Lagos Amfitopbooks
- Ola,R..F (1983) Local Government in Nigeria London, Keganpaul International plc.
- Olaoye, C.O (2008) Concept of Taxationin Nigeria. Clemart publishing, Kaduna State.
- Omapariola. O. &Adewale A. (1998) "Effective Revenue Generation & Management in Government" National Orientation Workshop for Chairmen of Local Government Care Takers Committees, Abuja.
- Onimode, B. (2000) Africa in the Age of 21st Century; Ibadan University Press.
- Onwe, S. O. (2011) Politics of Revenue Allocation. Abakaliki: Unpublished Lecture Series. Ebonyi State University.
- Orewa,G.O. and Adewumi,J.B. (1983) Local Government in Nigeria. The changing scene, Ethiope publishing corporation, Benin City.
- Orewa, G. (1986)Local Government Finance in Nigeria. Ibadan: Oxford University Press.
- Osuagwu, L. (2005) Corporate Planning Practice in Nigeria Companies: An empirical treatment, Ghana Management Review (Ghana), Vol. no 5, pp.50-64.
- Osuagwu, L. (2008), Business Research Methodology: Principle and Practice, Lagos:Grey Resources Limited, 4th ed. Pp. 1-270.
- OvwKaduna North, O. L. (2004), Theory and Practice of Local Government. POS 218 Reading Material University of Ilorin: Ilorin.

- Ozor, E. (2005) Grassroots Labour Relations in Nigeria. Ibadan: University Press.
- Raji, S.A and Amin, A. (2017) Personal Observation on Kaduna North Local Government Revenue Generation.
- Rudeback, L. (1997). To Seek Happiness: Development in a West Africa Village in the Era of Democratization. Review of Africa Political Economy. 24(11)
- Saka, O. (2017) Interview on Sources of Revenue Generation in Kaduna North Local Government Area of Kaduna State
- Udu, L. E. (2007). The Implications of the Creation of Additional Development Centres for Community www.ccsenet.org/jsd Journal of Sustainable Development Vol. 9, No. 1; 2016 Development in Ebonyi State. Nigerian Journal of Business, IV(1), 98-107.
- Udu, L. E. (2009). Human Capacity Development in Nigeria: A Historical and Analytical Perspective. EBSU Journal of Sociology, 3, 65-76.
- Udu, L. E. (2011). Poverty Alleviation Strategies in Nigeria: The Ebonyi State Experience. EBSU journal of Society, 1(4), 76-82.
- UNDP. (2002). Human Development Report, Millennium Edition. Lagos: UNDP. The Constitution of Federal Republic of Nigeria (1979)
- The Constitution of Federal Republic of Nigeria (1999) The 1999 Constitution of the Federal Republic of Nigeria. The Future of Local Government in Nigeria, UNIFE Press, 1969

Tonwe, D.A. (2007) Traditional Rulers and Local Government: A pathway to resolving the challenge.

Vincent,O.O. (2001) Fiscal Federalism: The Nigerian Experience, Public Lecture series No.4 NES. 44 European Journal of Economics, Finance and Administrative sciences, Issue 48(2012)

World Development (1988). The World Bank, Oxford University Press.

World Bank. (2001). World Development Report 2000/2001: Attacking Poverty. New York: Oxford University Press Inc.